

SENIOR CITIZEN AND DISABLED VETERAN EXEMPTION

In 2000, voters enacted Section 3.5, Article X of the Colorado Constitution, creating a property tax exemption for qualifying senior citizens and their surviving spouses. Voters expanded the program in 2006 to include qualifying disabled veterans. For both groups, the exemptions as enacted reduce the taxable actual value of a residential property by 50 percent, up to a maximum reduction of \$100,000. The reduction in property tax revenue is backfilled by the State of Colorado.

The constitution grants the Colorado General Assembly the authority to increase or decrease the amount of the senior and disabled veteran exemptions. For tax year 2009, the General Assembly enacted legislation to reduce the amount of the senior exemption to 50 percent of \$0, effectively suspending the senior exemption benefit. The suspension, which did not affect the disabled veteran exemption, saved the state approximately \$90 million. This was the second time that the General Assembly had enacted a suspension of the senior exemption benefit.

To qualify for the senior exemption, a qualifying senior must be at least 65 years old on January 1 and must have owned and occupied the property for at least 10 consecutive years as his or her primary residence. To qualify for the disabled veteran exemption, a veteran must be 100 percent permanently disabled through a service connected disability and must have owned and occupied the property since January 1.

Applications for the senior citizen exemption are filed with the county assessor no later than July 15, and applications for the disabled veteran exemption are filed with the Colorado Division of Veterans Affairs, Department of Military and Veterans Affairs (DMVA), no later than July 1. If approved by the DMVA, the veteran's application is forwarded to the county assessor for further processing and approval. Once approved, the senior citizen or disabled veteran exemption remains in effect from year to year until a change in ownership or occupancy triggers its removal. Each year, the assessor is required to mail a notice to all residential property owners explaining the exemption programs.

No later than October 10, the assessor is required to send the Division of Property Taxation an electronic list of the exemptions granted, including the names and social security numbers of each person occupying the property. The Division uses the data to identify individuals who were granted an exemption on more than one property, and denies the exemptions on each property. In 2009, the Division denied exemptions on 14 properties owned by 8 applicants.

In 2009, 168,117 properties were approved for the senior citizen exemption, and 3,122 received the disabled veteran exemption. These figures were up from 163,619 senior exemptions and 1,977 disabled veteran exemptions for tax year 2008.

The senior and disabled veteran exemption programs do not result in a loss of revenue to local governments. Instead, the state reimburses the local governments for the tax revenue exempted. No later than April 1, county treasurers send the State Treasurer an itemized list of the exemptions granted and taxes exempted. No later than April 15, the State Treasurer reimburses the local governments for the lost revenue. In April 2010, the State Treasurer reimbursed local governments \$1,335,704 for disabled veteran exemptions granted for tax year 2009.

POSSESSORY INTERESTS

In 2001 the Colorado Supreme Court ruled that certain possessory interests are subject to ad valorem taxation in Colorado. A possessory interest is defined as a private property interest in government-owned property or the right to the occupancy and use of any benefit in government-owned property that has been granted under lease, permit, license, concession, contract or other agreement. The use of the property must be in connection with a business conducted for profit.

Taxable possessory interests may include but are not limited to:

1. Private concessionaires utilizing government owned land, improvements, or personal property unless operating pursuant to a management contract.
2. Government land and improvements used in the operation of a farm or ranch.